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To: Government Oversight Committee

From: Beth Lenstra

Re: Sixty-Five Cent E911 Wireless Surcharge Third Calendar Quarter Report (July through September 2006)

The Legislative Services Agency has received the 3rd calendar quarter report from the office of Homeland Security and Emergency Management Division as required in Section 34A.7A(3)(b), Code of Iowa.

DIVISIONS

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HOLLY M. LYONS

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The Division received \$3.9 million in revenue from the \$0.65 E911 wireless surcharge. This is an increase of \$1.0 million compared to the previous quarter. Chapter 34A.7A, Code of Iowa, specifies the priority order in which the collected surcharge funds are to be expended. The Fund earned \$20,000 in interest. The total expended this quarter was \$3.0 million. Listed below, by priority order, are the amounts expended:

- \$50,000 per quarter for administration which includes 2.5 FTE positions, an annual audit, and program operating costs. Intent language in HF 2558 (FY 2007 Justice System Appropriations Act) specifies that up to \$200,000 of the wireless surcharge money may be used for these expenses each fiscal year.
- \$722,000 for wireless service provider cost recovery. This is an increase of \$180,000 compared to the previous quarter. The \$722,000 is the actual amount billed and the remaining \$92,000 of the required 21.0% of the revenue generated is included in the carryover balance. This money is allocated to the wireless carriers to recover costs associated with providing wireless E911 Phase 1 (tower address, call back number) service.
- \$262,000 for wire-line transport costs for local carriers. This is an increase of \$5,000 compared to the previous quarter. This amount is a reimbursement to telephone companies for their actual costs of transporting the wireless E911 call from the selective router to the Public Safety Answering Point (PSAP).
- \$1.1 million for automated location information costs for local carriers. This is a decrease of \$100,000 compared to the previous quarter. This amount is a reimbursement to companies that provide Automatic Location Information (ALI) database services and selective routing.
- \$930,000 for the Public Safety Answering Points System (PSAPS). There are currently 124 PSAPS which provide

55,996 square miles of coverage. This past quarter, the PSAPS received 184,003 wireless calls, an increase of 44,000 calls compared to the last quarter. The amount the PSAPS receive is 24.0% of the surcharge generated and are distributed to the PSAPS based on the following formula: 65.0% of the total based on the square mileage of the local 911 service area and 35.0% of the total based on the volume of the wireless E911 calls that the PSAPS receive.

- \$910,000 in new carryover for future Phase 2 network and PSAP upgrades and improvements. The total carryover funds available is \$2.1 million of which, \$200,000 is obligated for Phase 2 expenditures to complete the Phase 2 upgrade and \$525,000 has been set aside to complete connecting the wireless network to the neighboring states. The remaining unencumbered amount in the carryover fund is \$1.4 million.
 - The \$200,000 has been set aside for any Phase 2 bills that have yet to arrive at Homeland Security and Emergency Management Division. The last county to be complete will be Jones County in November.
 - The \$525,000 has been set aside for the trunk line project connecting Iowa's E911 system to the surrounding states. Qwest areas, including Minnesota and South Dakota, have been completed. Non-Qwest areas, including Illinois and Wisconsin, remain to be completed.

Pursuant to SF 2298 (FY 2005 Omnibus Appropriations Act), the Oversight Committee is required to review the priority order of the distribution of funds every two years and will most likely be reviewed during the 2007 Legislative Session.